

<b>NAME OF COMMITTEE</b>	<b>AUDIT</b>
<b>DATE</b>	<b>23 SEPTEMBER 2014</b>
<b>REPORT TITLE</b>	<b>AUDIT OF THE ANNUAL STATEMENT OF ACCOUNTS 2013/2014</b>
<b>Report of</b>	<b>HEAD OF FINANCE AND AUDIT</b>
<b>WARDS AFFECTED</b>	<b>ALL</b>

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**Summary of report:**

For Members to consider and review the Audited Statement of Accounts for 2013/14 and the Letter of Representation.

Following approval of the accounts, the Chairman of the Audit Committee is required to sign and date the accounts.

Following approval of its wording, the Chairman of the Audit Committee and the Head of Finance and Audit are required to sign the Letter of Representation from the external auditors, Grant Thornton.

**Financial implications:**

The Council's Statement of Accounts set out the financial position of the Authority as at 31 March 2014.

**RECOMMENDATIONS:**

It is recommended that Members consider and review the following reports and Appendices and make any recommendations to Council:-

- 1.1 Members approve the Financial Statements and the Technical Appendix. (shown in Appendix A)
- 1.2 Members approve the wording of the Letter of Representation (shown in Appendix B).

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## **1. BACKGROUND**

- 1.1 The responsible financial officer of a larger body must, no later than 30<sup>th</sup> June immediately following the end of a year, sign and date the statement of accounts, and certify that it presents a fair view of the financial position of the body at the end of the year to which it relates and that body's income and expenditure for that year. Also that, no later than 30<sup>th</sup> September in the year immediately following the end of the year to which the statement relates, consider by way of committee the statement of accounts.
- 1.2 The Council Constitution delegates approval of the Accounts to the Audit Committee.
- 1.3 The draft Statement of Accounts was presented to the Audit Committee on 22 July 2014. The Draft Statement of Accounts is required to be annually audited by the Council's external auditors, who give their opinion on the Draft Accounts. The annual audit took place in July and August 2014 by the Council's external auditors, Grant Thornton UK LLP.
- 1.4 Grant Thornton has audited the financial statements for the year ending 31<sup>st</sup> March 2014 under the Audit commission Act 1998. Post audit changes have been incorporated within the accounts in line with the recommendations contained within their "Audit Findings Report". (A separate agenda item).

## **2. ISSUES FOR CONSIDERATION**

### **International Accounting Standard (IAS) 19 – “Employee Benefits”**

- 2.1 This standard ensures that the full cost of employing people is recognised systematically in the accounts and that creditors reflect the council's liability to pay money into the pension fund. A full explanation of the pension's liability is included in the Council's accounts. Members are advised that the accounting arrangements for IAS 19 are for reporting purposes only. Indeed the required entries are reversed out of the accounts and consequently, IAS 19 has no impact on the Council's surplus for the year.

### **2.2 Revenue Expenditure**

Revenue expenditure represents the ongoing costs of carrying out day-to-day operations, and is financed from council tax, fees and charges, government grants and interest earned on investment activity. There is an underspend on the General Fund of £170,000 as per the Explanatory Foreword.

### **Capital Expenditure**

- 2.3 Capital expenditure represents monies spent on the purchase, construction or major refurbishment of assets. The Council's capital expenditure amounted to around £490,084 in 2013/14 and is shown in the Explanatory Foreword.

## 2.4 Letter of Representation

The Council is also required to sign a Letter of Representation every year, which gives representations to the Council's external auditors. The Chairman of the Audit Committee and the Head of Finance and Audit are required to sign the Letter of Representation. The letter is attached at Appendix B. It is recommended that Members approve the wording of the Letter of Representation to be signed.

## 3. AUDITED STATEMENT OF ACCOUNTS FOR 2013/14

3.1 It is recommended that Members approve the final audited Statements of Accounts together with the Technical Appendix. (Appendix A)

## 4. LEGAL IMPLICATIONS

4.1 In Accordance with 2.27 of the Council's Finance Procedure Rules, the Head of Finance and Audit is responsible for ensuring that the Annual Statement of Accounts is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice.

## 5. FINANCIAL IMPLICATIONS

5.1 There are no material financial implications arising from the audit of the accounts.

## 6. OTHER CONSIDERATIONS

<b>Corporate priorities engaged:</b>	Effective financial management underpins the achievement of all priorities
<b>Statutory powers:</b>	See Section 4
<b>Considerations of equality and human rights:</b>	None directly arising from this report
<b>Biodiversity considerations:</b>	None directly arising from this report
<b>Sustainability considerations:</b>	None directly arising from this report
<b>Crime and disorder implications:</b>	None directly arising from this report
<b>Background papers:</b>	Audit Committee – 22 July 2014 – Draft Statement of Accounts for 2013/14
<b>Appendices attached:</b>	Appendix A – Financial Statements and Technical Appendix 2013/14 Appendix B – Letter of Representation

## STRATEGIC RISKS TEMPLATE

No	Risk Title	Risk/Opportunity Description	Inherent risk status			Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel		
	Opportunity			-			
		To approve the accounts in line with the Statutory deadline.	3	1	3	The Council meets its statutory obligations by having procedures in place to fulfil this requirement.	The Head of Finance and Audit
	Risk						
		Failure to get the audited accounts approved by the Statutory deadline of 30 <sup>th</sup> September.	4	1	4	The external auditors have completed a thorough review of the Council's financial records and reported their findings.	The Head of Finance and Audit